



pRide



WINTER, 2004



THE NEWSLETTER BY AND FOR

RHODE ISLAND STATE EMPLOYEES

Governor Carcieri Reports on Fiscal Fitness Program



To My Fellow State Employees:

I would like to take this opportunity to communicate with you, once again, on the terrific progress we are making on our government reform program known as "Fiscal Fitness."

For the past several months, a dedicated group of your peers has been working to identify ways of helping our state government run more effectively. Our intent is to make the Ocean State a model for the delivery of cost-efficient service to taxpayers. It is vital that Rhode Islanders have confidence that their tax dollars are being spent wisely. Please be assured that you have a very important role to play in this process.

Within the next several weeks, many of the innovative ideas that have been developed by members of the Fiscal Fitness Team will be presented to the Fiscal Fitness Steering Committee for consideration and feedback. To foster a sense of inclusiveness, we have invited members of the General Assembly, along with several members of the public employee union leadership, to participate as members of the Steering Committee. We certainly welcome their input.

Furthermore, as part of my continuing effort to maintain a constructive and meaningful dialogue with our workforce, I have been visiting with small groups of public employees to listen and to gain a more thorough understanding of how you view the important economic issues that we all confront today. Those of you with whom I have met have impressed me with your candor and your desire to do an outstanding job for the citizens of Rhode Island. Thank you for your professionalism and integrity.

Based on these discussions, I would like to take this opportunity to point out that not every initiative surfaced by the work teams will make it to the level of the Steering Committee. The initiatives that do make it to the Steering Committee will be thoroughly discussed and evaluated before implementation is considered. While many of the ideas may be implemented right away, some of the recommendations for efficiency will require contract negotiations or legislative changes. I am optimistic that by working together we can continue to make progress.

I truly appreciate the excellent work you do. We have thousands of talented individuals working for state government who do not always get the positive recognition that they deserve. Contrary to what some critics have charged, our Fiscal Fitness Program has never been about casting blame for any of the inefficiencies that are built into our organization. In fact, I have turned to you, our public employees, to review our processes and our organization because I have faith in your ability to come up with the best recommendations. Fiscal Fitness has always been about improving how we deliver services to our citizens.

Change is never easy. Transforming government will be a significant challenge. No doubt, there will be roadblocks along the way. But the time is right to make us lean and efficient. Rhode Island faces major financial hurdles today and in the coming years. For the sake of the next generation of taxpayers, we must get down to business and deliver a state government that works for all of its citizens. I remain confident that we can find common ground. We will be steadfast in working to implement changes that are sensible and practical.

During the coming weeks, I ask you to keep an open mind. In return, you have my firm commitment to listen to your concerns and to work with you in a fair, reasonable and open way to create a better work environment, improve communications and enhance the image of public servants in our great state.

Sincerely,

Donald Carcieri
Governor

Office of Training and Development

The Office of Training and Development is reviewing its mission. We are uncertain at this time on what courses we will be offering in 2004. Please check our website at www.state.ri.us/otd/htm. You may also call us at 222-2178 (TDD-6144 for hearing impaired) or Fax us at 222-6378

Gift Shop Dedicated to Former Senior Companion Program Director



On hand for the dedication were (left to right) Adelita Orefice, DEA Director; Jack Higgins, Maureen's husband; and Magdalene McCann, her sister.

As part of this year's observance of Older Americans Month, DEA (Department of Elderly Affairs) dedicated the gift shop at the Eleanor Slater Hospital in Cranston to **Maureen Higgins**, former Director of SCP (Senior Companion Program). The gift shop is now known as "Maureen's Corner." Mrs. Higgins died last December after an extended illness.

SCP volunteers visit Rhode Island's homebound elders and are part of a system of community-based services designed to help seniors remain independent and at home. Proceeds from "Maureen's Corner" benefit SCP.

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The State of Rhode Island is an equal opportunity and diversity employer and reasonable accommodations will be provided. For assistance, call EEO Office at 222-3090. (TDD 222-6144)

This Calendar is Brought to You by The Office of Personnel Administration 2004

January							February							March						
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31																				

2004 State Holiday Celebrations

New Year's Day	Thursday, January 1
Dr. Martin Luther King, Jr. Day	Monday, January 19
Memorial Day	Monday, May 31
Independence Day	Sunday, July 4 (State Employees celebrate on Monday, July 5 th)
Victory Day	Monday, August 9
Labor Day	Monday, September 6
Columbus Day	Monday, October 11
Election Day	Tuesday, November 2
Veterans' Day	Thursday, November 11
Thanksgiving Day	Thursday, November 25
Christmas Day	Saturday, December 25 (State Employees celebrate on Monday, December 27 th)

Circled Days Indicate Pay Day for State Employees

BITS 'N PIECES

Joseph Cembrella is the newly appointed Associate Personnel Administrator in DOA (Department of Administration), with the responsibility for direct oversight over the employee benefits program. He will also head the Governor's Wellness Initiative.

Associate Personnel Administrator **Ronald Clare** has retired after 35 years of state service. Although his retirement plans are incomplete, they do include continued work with the IPMA (International Personnel Management Association) and private sector consulting. Clare is past president of IPMA's Eastern Region, and a founder of the Rhode Island Chapter. Also retired after 35 years of service respectively are **Joseph Pilla**, Chief of Civil Service Examinations and **David McVay**, Chief of Classification.



Stephen M. Cooper, CFE, CGFM, Chief of the Bureau of Audits, has retired after 35 years of state service. He has the distinction of having spent his entire public service career with the Bureau!

DOA (Department of Administration) has issued a Dress Code for DOA employees only. It provides for appropriate business and professional dress; less formal "business casual days" dress, and defines inappropriate dress. Check your bulletin board if you don't have a copy.

Deferred Compensation (457) Account Changes

The time has come again when you need to take a moment to sit down and review your retirement plan. Starting January 1, 2004, the amount you may contribute to your 457(b) Deferred Compensation Account increase. Did you know there are potentially three (3) limits that apply in determining the maximum amount you may contribute to a 457(b) Deferred Compensation Plan?

They are:

1. Annual Contribution Limit
2. 457(b) Contribution Special Catch-Up Provision
3. Age 50+ Catch-up Provision (this is available only to governmental 457(b) plans)

1) Annual Contribution Limit

For 2004 the annual limit is equal to the lesser of 100% of includible compensation* or \$13,000. Please note: This annual contribution limit is no longer reduced for contributions you make to other plans (e.g., deferrals to 403(b) or 401(k) plans). So if you participate in more than one type of plan, an eligible 457(b) plan and a 403(b) or 401(k) plan, your annual limit is \$13,000 for each plan type.

*Refers to compensation you receive for services performed for the employer sponsoring the deferred compensation plan that is includible in gross income for that year.

2) 457(b) Special Catch-up Provision

The 457(b) special catch-up provision permits increased annual contributions on behalf of a participant. It allows you to make-up, or "catch-up", for prior years in which you may not have contributed the maximum amount to your employer's 457(b) plan. The catch-up limit is the lesser of

1. twice the annual contribution limit, for 2004, \$26,000, OR
2. the normal limit for the year plus underutilized amounts* from prior taxable years

NOTE: Catch-up can only be elected during the three years (consecutive) prior to, but not including, the year the participant attains Normal Retirement Age, as defined by the 457(b) plan. The provision can only be selected once per employer.

*In determining underutilized amounts from prior years, only those years you were eligible to participate in the 457(b) plan of the employer can be considered. Years prior to 1/1/1979, cannot be used.

3) Age 50+ Catch-up Provision

If you are at least age 50, and currently participate in a governmental 457(b) plan, you are eligible to contribute an additional amount of the annual contribution limit. However, you cannot use both the 457(b) special catch-up provision and the Age 50+ catch-up provision in the same year. You should evaluate which catch-up provision is most favorable to you.

pRide in performance

David Hamel, Program Manager of the Disability and Health Unit, DOH (Department of Health) is the 2003 recipient of the *Excellence in Leadership Award* presented by the Northeast Regional Public Health Leadership Institute (NEPHLI). This award is presented annually to an individual, program or organization for outstanding contributions in public health leadership. The *Excellence in Leadership Award* recognizes the significant contributions and accomplishments of public health practitioners who have demonstrated outstanding leadership and commitment in service to the community.

In announcing the award the Institute said of David Hamel, "**Susan Curly** and the Early Intervention Team's nomination of you indicated that your vision, innovation and inspiration are valued by your staff as well as those who benefit from your programs. You exhibit the exemplary leadership skills and leadership qualities that the selection committee was seeking.

The Institute of Internal Auditors (IIA) has announced that **William J. Chalko** of the Bureau of Audits has been named as a Certified Internal Auditor (CIA). The designation is awarded to internal audit professionals who have met the rigorous requirements of the IIA's CIA program, including a four-part examination, as well as high standards of character, education and experience. The CIA exam reflects the current state of the art in internal auditing and evaluates technical competence in important subject areas related to internal auditing.

The Institute is an international professional association with world headquarters in Altamonte Springs, Florida. The IIA has approximately 85,000 members in internal auditing, risk management, governance, internal control, IT audit, education, and security. The Institute is the recognized authority, principal educator, and acknowledged leader in certification, research, and technological guidance for the profession worldwide.

Marvin D. Perry, Acting Director of DLT (Department of Labor and Training), is the recipient of *The Rev. Charles B. Quirk, O.P. Award* from The Quirk Institute of Industrial Relations at Providence College in recognition of his "many exemplary contributions to furthering the cause of industrial peace".

In the citation accompanying the award, the Institute said in part, "... In your more than 45 years of service to the State of Rhode Island, you have demonstrated outstanding leadership skills and a sincere commitment to help your fellow citizens find and keep meaningful employment."

Also receiving The Rev. Charles B. Quirk, OP Award was **Gerald Cobleigh**, Esquire, a former state employee in the Office of Labor Relations, who now represents four major employee unions, and is a sitting voting member of the Statewide Labor Management Partnership.



DOA (Department of Administration) Child Support Administrative Officer **Jessica Ariza** is the winner of the 2003 National Child Support Enforcement Association *Presidential Scholarship Award*, and an

Applicants for the national competition are required to write an essay explaining how attending the annual conference will benefit them and the public they serve.

Jessica provides outreach to custodial and non-custodial parents in the community, and at the ACI prison, on the voluntary acknowledgment of paternity, and the process of child support establishment and enforcement.

Jessica speaks several languages, and her experience in assisting members of the Hispanic community with their child support issues contributed significantly to her selection for the national award among hundreds of applicants.

pRide Salutes State Workers on Military Leave

In the Winter/Spring 2003 issues of pRide, we published the names of the men and women state employees who answered our Country's call to service.

In this issue, we honor the following additional personnel who are either on military leave and on deployment, or have completed their tour of duty and have since returned to state employment.

Name	Agency
Stephen Barker	Executive Staff - RING
Brendan Gill	Executive Staff - RING
Susan Gribbin	Executive Staff - RING
James Harvey	Executive Staff - RING
Joseph Laurent	Executive Staff - RING
Wilfredo Martinez	Administration
Steven Michaud	Administration
Thomas Northup	Executive Staff - RING
Krystyn Orsini	Executive Staff - RING
Alan Pleau	Executive Staff - RING
Paul Truppi	MHRH
Alan White	State Colleges

State Government and People With Disabilities

The Americans with Disabilities Act (ADA) and Rhode Island Law requires equal employment opportunities and physical accessibility to people with disabilities in all public and private entities. Rhode Island has been a leader in integrating people with disabilities into their community, and the Governor's Commission on Disabilities is responsible for coordinating state government compliance.

The ADA gives employees with disabilities the right to request "reasonable accommodations" (common sense adjustments to how a job is done) if they are having difficulty performing all the essential functions of their job. State employees needing a reasonable accommodation should contact their department/agency's ADA coordinator, which can be found at the Governor's Commission on Disabilities' website, <http://www.gcd.state.ri.us>. The Commission also purchases adaptive technology that may be needed to assist a state employee with a disability. Anyone with questions about their employment rights under the ADA can call the Commission at 462-0584 or 462-0101 (TTY).

In addition to protecting employment rights, the ADA and Rhode Island's disability rights laws require all agencies, offices, businesses, etc. that are open to the public to build accessible facilities and/or remove existing architectural barriers. The Commission distributes millions of dollars to renovate state agencies, provides technical assistance on architectural plans, and, as of January 2003, administers the Rhode Island Physical Access Complaint System. Anyone with questions about

Missed Opportunity . . .

You can't afford to pass up a 457 Deferred Compensation Investment

This information is provided for your education only by ING Financial Plan Advisers, LLC (member SIPC)

"I can't afford it . . . money's just too tight right now."
"It's too late to make a difference."
"I've got lots of time, I'll worry about it in a few years."
"I don't know the first thing about investing."
"Pensions and Social Security will take care of me."

The excuses for not contributing to your employer's 457 Deferred Compensation plan are many, varied and often extremely creative. People rationalize not participating for reasons ranging everywhere from "the dog ate my enrollment form," to "I've put it off too long . . . why should I bother now?"

Whatever the reason, it's important for you to understand that it's **never too late** for you to take advantage of the many, many **benefits your employer's plan** offers you. It's an easy and valuable investment for you to make, whether **you're near the bottom** or the **top of the pay scale**, whatever your age, and no matter how investment-savvy you may or may not be.

And, when you think about it, what's more important than an investment in your future?

"I can't afford it."

You can't afford **not** to consider a 457 Deferred Compensation plan investment. Actually, it might not be as painful to your pocket-book as you may think, when you consider the fact that your contributions actually reduce the portion of your salary you pay current taxes on. If you're in the 15 percent tax bracket, and you invest \$1,000 a year, you reduce your tax bill by \$150 ($\$1,000 \times .15$). If you're in the 28 percent tax bracket and you invest \$5,000 each year, you reduce your tax obligation by \$1,400. You'll actually be **paying yourself** to invest in the plan.

What's more, you're employer's plan is an easy investment. Your contributions are automatically deducted from your paycheck . . . you don't have to complete deposit slips, transfer funds, make phone calls, visit a broker or worry about regular banking hours. Once you sign up, your contributions are automatic . . . and you'll probably be surprised how quickly you won't even notice their absence from your paycheck. Another surprise may be what little effect those contributions can have on your net pay, because of the benefits of tax deferral!

"It's too late for me."

It's never too late. Even if retirement is fast approaching and you haven't taken advantage of your employer's plan so far, any amounts you can set aside now can only add to your retirement income later. First, of course, you'll get the current income tax benefits. What's more, your investment's earnings will also be exempt from current income taxes . . . a tremendous advantage over many other kinds of investments, which may be reduced each year with tax withdrawals.

Keep in mind the old saying, "every little bit helps." If retirement's in sight for you, and you haven't been investing so far, of course you won't have the long-term advantages of a younger investor. But you can still take full advantage of the plan for as long as possible. If you can, consider investing the maximum amount allowable.

"I'm young, I don't have to worry about retirement yet."

If you don't plan for your own retirement, no one else will. The sooner you start, the better. By putting time on your side and investing early in your career, you'll enjoy the benefits of tax-deferred growth and compounding of interest for decades. You'll be taking

steps to open up a world of possibilities for yourself later, including early retirement, travel, an alternative career – whatever your heart may desire.

"I don't understand investing."

It's an understandable fear . . . taking the plunge into the complicated world of stocks, bonds, mutual funds, asset classes, hedges, options and all the other buzzwords that make the headlines these days. But a 457 Deferred Compensation plan offers you an easy opportunity to invest – without having to be an investment professional yourself. Your plan and your employer will have easy-to-understand reference materials for you to review, explaining the basics of investment concepts, kinds of investments, and what's available to you under the plan.

Software, worksheets and calculators will help you understand and clarify your own investment goals, and help you select from "model portfolios," which suggest investment mixes based on your own goals and life situation.

"My pension and Social Security are enough."

The days of fat, company-paid pensions (the old "Defined Benefit" traditional pension plans) are rapidly coming to an end. What's more, Social Security was never designed to provide a person's sole retirement income . . . and, in the future, benefits will possibly be lower and the eligible retirement age will certainly be higher. Even if you're able to expect the maximum benefit from both Social Security and a pension plan, do your research to discover what your retirement income is likely to be – and compare it to your working income to make sure that the total amounts to a livable annual figure before you dismiss the possibility of participating in your employer's plan.

Participating in the plan will only strengthen the foundation of your own retirement.

"Why not?"

The question isn't "why invest in a 457 Deferred Compensation plan?" but "why would you **not** invest in a 457 Deferred Compensation plan?"

If money's tight – why would you not take advantage of the opportunity to reduce your payment to Uncle Sam each year?

If you're fast approaching retirement age – why would you not take advantage of the opportunity to save whatever you can in whatever working time you have left?

If you're young and retirement's a long way off – why not start early, put time on your side, and open yourself up to a world of possibilities later?

If you're uncomfortable with investing in general – why not put your employer and your plan's investment provider to work for you and take full advantage of the wealth of investment education that's right at your fingertips.

Consider an investment in your employer's 457 Deferred Compensation plan . . . consider an investment in your future.

This information is not intended to be considered tax or investment advice. It is provided, for your education only, by ING Financial Advisers, LLC (member NASD/SIPC). For more information about the ING companies, please contact your local ING office or representative or visit us at www.ing.com/us.

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A New and Important Benefit for RI Board of Governors Employees! Consider Joining the URI Board of Governors Deferred Compensation Plan

With your future in mind, the Rhode Island Board of Governors offers a Deferred Compensation Plan to help you provide a more secure retirement for you and your family. **If you are currently contributing to your 403(b) account a 457 Deferred Compensation account offers additional pre-tax contribution savings. For 2004, on a pre-tax basis you can save a maximum of \$13,000 in your 403(b) and an additional pre-tax \$13,000 in a 457 Deferred Compensation Plan.** A 457 Deferred Compensation account allows you to have access to your retirement savings immediately upon separation from service without any IRS early withdrawal penalties regardless of age. Withdrawals are limited to unforeseeable emergencies or separation from service. Variable investment options offered under a group funding agreement are considered long-term investments designed for retirement purposes. Money distributed will be taxed as ordinary income in the year the money is received. Account values fluctuate with market conditions, and when redeemed the principal may be worth more or less than its original amount invested. Contact your local ING representative for fund prospectuses containing more complete information, including charges and expenses. Read them carefully before you invest.

Under the Plan, you can take advantage of the following benefits:

- You make your own decision on how much to contribute each pay period.
- You pay no tax on contributions (and the earnings) until they are distributed to you. This means you reduce your taxes now and increase your contribution at the same time.
- Contributions are made by convenient payroll deduction.
- You choose the investments that are best for you from a variety of options.
- Your savings under the Plan provide a meaningful supplement to your pension plan benefits.

With the Plan, you invest more than you could on your own because your contributions are not taxed up-front. Here's how it compares:

	After-Tax Savings Plan	Deferred Compensation Plan
Biweekly contribution	\$75	\$75
Less income tax (27%)	-20	-0
Net biweekly contribution	55	75
Net yearly contribution	\$1,430	\$1,950
After 10 Years		
Total contribution	\$14,235	\$19,500
Investment earnings at 8.5%	+7,299	+10,688
Less income tax on earnings (27%) ¹	-1,886	-0
Total	\$19,648	\$30,188
After 20 Years		
Total contribution	\$28,470	\$39,000
Investment earnings at 8.5%	+38,921	+59,444
Less income tax on earnings (27%)	-9,558	-0
Total	\$55,833	\$98,444
After 30 Years		
Total contribution	\$42,705	\$58,500
Investment earnings at 8.5%	+107,652	+194,269
Less income tax on earnings (27%)	-27,866	-0
Total	\$122,471	\$252,769 ²

¹Cumulative annual earnings taxed at 27% at year end.

²The after-tax value after a lump sum distribution would be \$184,521. This illustration assumes an 8.5% annual rate of return. The tax deferred annuity has a mortality and expense charge of .70% on ING Funds and .85% on non ING Funds, there is no deferred sales charge or annual maintenance fee. If these expenses were included, the performance would be lower.

We hope that you will take advantage of this new retirement savings option offered through the Rhode Island Board Of Governors.

Maximize your financial future ... start planning now!

For more information Contact the Representative at your campus

University of Rhode Island

Edwin Andrews
401.467.6333

Rhode Island College

Joseph Reynolds
401.738.2221

Community College of RI & RI Board of Governors

John McMahon
401.739.5551

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